

Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03

SP-02 LAB-04 EPG-02 SIL-01 OMB-01 DODE-00 PM-04

H-01 L-03 NSC-05 PA-01 PRS-01 SS-15 IO-13

(ISO) W

-----182312Z 071626 /44

R 180900Z MAY 77

FM AMEMBASSY TAIPEI

TO SECSTATE WASHDC 3603

C O N F I D E N T I A L TAIPEI 2870

E.O. 11652: GDS

TAGS: EFIN, TW

SUBJECT: ROC DEPENDENCE ON FOREIGN CREDIT

1. A CONFERENCE OF CHIEF EXECUTIVE OFFICERS OF INTERNATIONAL COMMERCIAL BANKS TO BE HELD LATER THIS MONTH IN TOKYO IS BRINGING ANOTHER ROUND OF BANKER VISITORS TO TAIWAN. GABRIEL HAUGE OF MANUFACTURERS HANOVER TRUST CALLED ON THE AMBASSADOR MAY 12 FOUR RANKING OFFICIALS OF CHEMICAL BANK CALLED ON MAY 17; DAVID ROCKEFELLER OF CHASE MANHATTAN, AND CHAIRMAN W. B. EAGLESON OF GIRARD TRUST WILL CALL ON MAY 26. OFFICIALS OF MORGAN GUARANTY TRUST, INDUSTRIAL NATIONAL BANK; FIRST UNION NATIONAL BANK OF NORTH CAROLINA; AMERICAN EXPRESS INTERNATIONAL BANKING CORP.; REPUBLIC NATIONAL BANK OF DALLAS; CLEVELAND TRUST; FIRST CITY NATIONAL BANK OF HOUSTON; AND TEXAS COMMERCE BKK ALSO ARE SCHEDULED TO VISIT EMBASSY AND/OR MEET WITH ROC AUTHORITIES THIS MONTH. SEATTLE FIRST NATIONAL BANK IF OFFICIALLY OPENING ITS TAIPEI REPRESENTATIVE OFFICE ON MAY 20.

2. SOME OF THESE BANKS (E.G. CHASE MANHATTAN, MANUFACTURERS HANOVER TRUST, MORGAN GUARANTY, AND

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REPUBLIC NATIONAL BANK OF DALLAS) HAVE RELATIVELY HEAVY EXPOSURES IN TAIWAN; OTHERS ARE COMMITTED IN VARYING DEGREES AND SOME ARE KNOWN TO BE CONSIDERING EXPANDED OPERATIONS HERE. THE BANKERS WILL BE LOOKING FOR CLUES TO TAIWAN'S POLITICAL AND ECONOMIC FUTURE, AND GROC OFFICIALS UNDOUBTEDLY WILL BE SEEKING TO NURTURE THE BANKERS' CONTINUED CONFIDENCE.

AS PREVIOUS EMBTELS HAVE EMPHASIZED, THAT CONFIDENCE, IN FACT, IS OF CRUCIAL IMPORTANCE TO TAIWAN, ESPECIALLY IN CONNECTION WITH NORMALIZATION. MASSIVE NEW FOREIGN LOANS (US\$6.7 BILLION ACCORDING TO OFFICIAL PROJECTIONS) WILL BE NEEDED FOR THE SIX-YEAR PLAN (1976-81), AND THE ROC WILL BE LOOKING TO THE U.S.--INCLUDING THE EXIMBANK--AS THE PRINCIPAL SOURCE OF THESE LOANS.

3. THE FOLLOWING STATISTICS ON MEDIUM- AND LONG-TERM LOANS DISBURSED TO ROC IN 1975 AND 1976 POINT UP THE PREDOMINANT POSITION OF THE U.S. AS TAIWAN'S PRINCIPAL CREDITOR: (FIGURES EXTRACTED FROM ROC BALANCE-OF-PAYMENTS DATA.)

SOURCE	1975	1976
IBRD (1)	19,469	5,183
ASIAN DEVELOPMENT BANK (2)	5,990	3,069

UNITED STATES:

EXIM BANK	154,637	134,640
COMMERCIAL BANKS	343,572	378,719

JAPAN	18,910	81,938
GERMANY	55,841	70,820
UNSPECIFIED	232,285	170,462

TOTAL	830,704	844,832
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(1) DISBURSEMENTS FROM PRIOR LOANS. ALTHOUGH ROC RETAINS MEMBERSHIP IN IBRD AND ADB, IT HAS NOT RECEIVED NEW CREDITS FROM THEM FOR SEVERAL YEARS.

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Disposition Approved on Date:
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